

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-15 AID-05 EB-07 NSC-05  
EPG-02 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00  
FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04  
SIL-01 IGA-02 L-03 H-02 ITC-01 PA-02 PRS-01  
AGRE-00 /104 W

-----161714Z 095163 /41

R 161451Z JUN 77

FM AMEMBASSY ROME

TO SECSTATE WASHDC 5336

TREASURY DEPT WASHDC

INFO AMEMBASSY BRUSSELS

AMCONSUL FLORENCE

AMCONSUL GENOA

AMCONSUL MILAN

AMCONSUL NAPLES

AMCONSUL PALERMO

AMEMBASSY PARIS

AMCONSUL TURIN

AMCONSUL TRIESTE

UNCLAS SECTION 1 OF 2 ROME 9952

USOECD; USEEC; PASS EXIMBANK

E.O. 11652:N/A

TAGS: EFIN, IT

SUBJECT: NEW EXPORT CREDIT LAW

REF: 76 ROME 20496

1. THE FOLLOWING ARE THE MAIN FEATUES OF THE NEW LAW GOVERNING  
EXPORT CREDIT AND INSURANCE (THE "OSSOLA LAW"), WHICH WAS PASSED  
BY PARLIAMENT ON MAY 25. (LAW NO. 227 OF MAY 24, 1977, PUBLISHED  
IN OFFICIAL GAZETTE NO. 143 OF MAY 27, 1977.)

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2. THE LAW ESTABLISHES A NEW COMMITTEE, CALLED THE INTERMINISTE-  
RIAL COMMITTEE FOR FOREIGN ECONOMIC POLICY (COMITATO INTERMI-  
NISTERIALE PER LA POLITICA ECONOMICA ESTARA - CIPES), WITHIN THE  
INTERMINISTERIAL COMMITTEE FOR ECONOMIC PLANNING (CIPE). CIPES  
IS MADE UP OF THE MINISTERS OF THE BUDGET (PRESIDENT), TREASURY  
AGRICULTURE, INDUSTRY, AND FOREIGN TRADE. IT WIL BE THE TOP  
POLITICAL AUTHORITY ON EXPORT FINANCE AND INSURANCE.

3. THE LAW ESTABLISHED A NEW SPECIAL EXPORT INSURANCE SECTION (SEZIONE SPECIALE PER L'ASSICURAZIONE DEL CREDITO ALL'ESPORTAZIONE - SACE) WITHIN INA (ISTITUTO NAZIONALE DELLE ASSICURAZIONI). THE MANAGING BOARD OF SACE WILL CONSIST OF MEMBERS REPRESENTING THE FIVE MAIN ECONOMIC MINISTRIES, INA, AND MEDIOCREDITO CENTRALE. SACE WILL BE RESPONSIBLE PRIMARILY TO THE TREASURY MINISTRY AND, IN ADDITION, WILL REPORT TWICE A YEAR TO PARLIAMENT.

4. SACE WILL CONSOLIDATE THE FOLLOWING OPERATIONS, FORMERLY DISPERSED AMONG MINISTRY OF FOREIGN TRADE, INA, AND THE INSURANCE COMMITTEE (COMITATO ASSICURATIVO):

- A) APPROVE APPLICATIONS FOR EXPORT CREDIT INSURANCE;
- B) SET PREMIUM RATES AND PERCENT COVERAGE FOR INSURANCE;
- C) AUTHORIZE MEDIUM-TERM EXPORT CREDITS, I.E., FROM ONE TO FIVE YEARS;
- D) GUARANTEE SUCH CREDITS;
- E) INSURE SUCH CREDITS;
- F) PRECOMMIT (INFORMALLY) MEDIOCREDITO CENTRALE TO EXTEND SUCH CREDITS.

5. THE LAW AUTHORIZES FOR THE FIRST TIME INSURANCE COVERAGE OF SHORT-TERM COMMERCIAL (DEFAULT) RISKS. FORMERLY ONLY SHORT-TERM POLITICAL RISKS COULD BE COVERED. ....  
(MORE)

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AMCONSUL PALERMO  
AMEMBASSY PARIS  
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AMCONSUL TRIESTE

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.....COVERED.

6. THE LAW PROVIDES FOR ADDITIONAL EXPORT CREDIT GUARANTEES OF BOTH POLITICAL AND COMMERCIAL RISK. THESE ARE GUARANTEES OF BANK CREDITS, OF FOREIGN INVESTMENTS, AND OF LEASING AND MARKETING OPERATIONS.

7. THE LAW ESTABLISHES TWO SEPARATE CEILINGS ON OFFICIAL INSURANCE OPERATIONS. FOR SHORT-TERM COVERAGE A 5,000 BILLION LIRE REVOLVING FUND IS SET UP. FOR COVERAGE OF 2 YEARS OR LONGER, THE CEILING AMOUNT IS TO BE FIXED EACH YEAR BY PARLIAMENT.

8. THE LAW PROVIDES THAT HENCEFORTH FUNDING FOR INTEREST  
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SUBSIDIZING OPERATIONS OF MEDIOCREDITO CENTRALE WILL BE INCLUDED IN THE CENTRAL GOVERNMENT BUDGET. TO DATE, MEDIOCREDITO HAS DEPENDED ON PARLIAMENT PASSING A SPECIAL LAW FOR EACH SUCH FUNDING. THE CONSEQUENCE HAS BEEN THAT MEDIOCRDDITO HAS REQUENTLY BEEN WITHOUT SUCH FUNDS. (MEDIOCREDITO'S REFINANCING ACTIVITY IS BASED ON CAPITAL CONTRIBUTIONS WHICH WILL STILL DEPEND ON SPECIAL LEGISLATION, AND SO, REDISCOUNTING WILL PROBABLY CONTINUE TO BE LIMITED OR UNAVAILABLE.

9. IN ADDITION TO THE MEDIUM-TERM SPECIAL CREDIT INSTITUTIONS (E.G., IMI, MEDIOBANCA, ETC.), MEDIOCREDITO CAN FROM NOW ON PROVIDE INTEREST SUBSIDIES TO ITALIAN EXPORTERS, FOREIGN BUYERS, AND BANKS THAT ARE AUTHORIZED TO ENGAGE IN MEDIUM-TERM FINANCING, PROVIDED, HOWEVER, THAT THE CREDITS IN QUESTION ARE IN FOREIGN EXCHANGE, I.E., FINANCED ABROAD. THE LAW ALSO AUTHORIZES MEDIO-CREDITO TO PROVIDE AN INTEREST SUBSIDY ON PRE-SHIPMENT FINANCING.

10. THE LAW PROVIDES FOR THE CLEAR SEPARATION OF COMMERCIAL CREDITS FROM AID CREDITS. HENCEFORTH AID CREDITS WILL BE EXTENDED BY A NEW FUND IN MEDIOCREDITO, AND MEDIOCREDITO ITSELF WILL NEGOTIATE ALL AID CREDITS, RATHER THAN SUCH CREDITS BEING NEGOTIATED BY THE VARIOUS MEDIUM-TERM SPECIAL CREDIT INSTITUTIONS, AS FORMERLY.

11. EMBASSY HAS BEEN PROMISED BY MEDIOCREDITO AN ENGLISH TRANSLATION OF FULL TEXT OF NEW LAW, WHICH WILL BE TRANSMITTED AS SOON AS POSSIBLE. GARDNER

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## Message Attributes

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Margaret P. Grafeld  
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EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009